

Message Text

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INFO AMEMBASSY MOSCOW

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C O N F I D E N T I A L HONG KONG 10042

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, CH, JA

SUBJECT: PRC AND JAPAN CELEBRATE ONE YEAR OF DIPLOMATIC TIES

SUMMARY: THE FIRST ANNIVERSARY OF THE ESTABLISHMENT OF DIPLO-
MATIC RELATIONS BETWEEN THE PRC AND JAPAN PROVIDED THE OCCASION
FOR A SERIES OF RECEPTIONS, SPEECHES, AND MESSAGES FROM BOTH
SIDES REAFFIRMING THEIR FRIENDSHIP AND HOPES FOR FUTURE
STRENGTHENING OF RELATIONS. THE SPEECHES EMPHASIZED THAT ONLY
A BEGINNING HAS BEEN MADE, A THEME WHICH FITS NICELY WITH A RE-
NEWED CHINESE EFFORT TO MOVE AHEAD ON CONSOLIDATION OF THEIR
RELATIONSHIP. THIS CHINESE EFFORT ON THE PROPAGANDA AND
ECONOMIC FRONTS IS PRESUMABLY AIMED IN THE SHORT-TERM IN
TEMPTING THE JAPANESE GOVERNMENT AWAY FROM MOVING TOO CLOSELY TO
CO-OPERATION WITH THE SOVIETS. AT THE SAME TIME, THE CHINESE
APPEAR INTERESTED IN CONSOLIDATING TIES TO THE POINT OF ENSURING A
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LONG-TERM WORKING RELATIONSHIP. END SUMMARY.

1. THE FIRST ANNIVERSARY OF THE ESTABLISHMENT OF DIPLOMATIC RE-
LATIONS BETWEEN JAPAN AND THE PRC WAS CELEBRATED WITH LARGE RECEP-

TIONS, ASSURANCES OF FRIENDSHIP FROM BOTH PARTIES AND AN EXCHANGE OF WARM MESSAGES BETWEEN CHOU EN-LAI AND PRIME MINISTER TANAKA. BOTH SIDES DWELT ON THE HISTORIC SIGNIFICANCE OF THEIR NEW RELATIONSHIP AND THE CHINESE EMPHASIZED ITS BENEFICIAL EFFECT ON THE SITUATION IN ASIA AND ITS CONTRIBUTION TO WORLD PEACE. AT THE SAME TIME, THE EMPHASIS OF THE SPEECHES WAS THAT MERELY A BEGINNING HAD BEEN MADE, AND THAT IT WAS IMPORTANT TO MOVE ON TO SOLIDIFY THE DIPLOMATIC TIES WITH AGREEMENTS AFFECTING TRADE AND OTHER ISSUES. BOTH SIDES IMPLIED SOME DISAPPOINTMENT AT THE SLOW PACE THUS FAR ACHIEVED IN NEGOTIATING THESE AGREEMENTS.

2. THE ANNIVERSARY CAME AT A TIME WHEN THERE WERE OTHER INDICATIONS THAT THE CHINESE WANTED TO QUICKEN THE PACE OF IMPROVEMENT OF RELATIONS. THESE INCLUDE SPECIAL TREATMENT ACCORDED JAPAN IN RECENT DEFINITIVE STATEMENTS OF CHINESE FOREIGN POLICY, A BURGEONING PROPAGANDA CAMPAIGN DEVOTED TO PRAISES OF SINO-JAPANESE FRIENDSHIP AND THE RAPID QUALITATIVE AS WELL AS QUANTITATIVE EXPANSION OF SINO-JAPANESE ECONOMIC RELATIONS. IN RECENT STATEMENTS OF THE CHINESE VIEW OF THE WORLD GIVEN BY CHOU EN-LAI'S REPORT TO THE 10TH PARTY CONGRESS AND A SUBSEQUENT RED FLAG ARTICLE ON IMPERIALISM, JAPAN WAS ACCORDED A SPECIAL, CLEARLY FAVORABLE POSITION ALONG WITH WESTERN EUROPE AS A POWER CENTER WHICH RESENTED THE GROWING CONTENTION BETWEEN THE SOVIET UNION AND THE UNITED STATES AND THUS BY IMPLICATION SHOULD BE CULTIVATED AS A POTENTIAL ALLY OF CHINA ON GLOBAL ISSUES. THIS TREATMENT IN THE HIGHEST PARTY DOCUMENTS OF JAPAN'S MOVEMENT FROM A MILITARISTIC AND GROWING THREAT TO A PRESENTLY BENIGN FRIEND AND POTENTIAL ALLY COINCIDED WITH THE BEGINNING OF AN INTENSIFIED CHINESE CAMPAIGN EXTOLLING SINO-JAPANESE FRIENDSHIP. VISITS TO TIENTSIN, PEKING, AND SHANGHAI BY JAPANESE STUDENT/TOURIST GROUPS FROM THE "YOUNG PEOPLE-S FLOATING UNIVERSITIES" FROM HYOGO AND MIE PREFECTURES RECEIVED EXTREMELY FAVORABLE COVERAGE WHICH EMPHASIZED THE INTERACTION BETWEEN THE JAPANESE STUDENTS AND CHINESE YOUTH. A GLOWING NINE-PAGE SUPPLEMENT TO THE "CHINA PICTORIAL NO. 8" ON LIAO CHENG-CHIH'S SPRING VISIT TO JAPAN ENTITLED "EVERGREEN FRIENDSHIP BETWEEN THE CHINESE AND JAPANESE PEOPLES " ALSO PORTRAYED CLOSE PEOPLE-TO-PEOPLE TIES. AT THE SAME

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TIME, REPORTING BY CHINESE MEDIA ON JAPANESE INTERNAL PROBLEMS CONTINUES QUITE SPARSE, WELL BELOW THE LEVEL OF SUCH REPORTING ON THE UNITED STATES. THIS PROPAGANDA CAMPAIGN MAY BE DESIGNED IN PART TO OFFSET LINGERING DOUBTS IN CHINA ABOUT DEVELOPING A MORE INTIMATE RELATIONSHIP WITH JAPAN; IT MAY ALSO BE TO PREPARE THE CHINESE POPULACE FOR A SIZEABLE INFLUX OF JAPANESE TECHNICIANS CONNECTED WITH ECONOMIC PROJECTS.

3. PSEECMAKERS AT THE ANNIVERSARY MEETINGS MENTIONED ECONOMIC RELATIONS RATHER CASUALLY, BUT THIS IS THE AREA IN WHICH THE MOST SPECTACULAR EXAMPLES OF NEW CO-OPERATION ARE OCCURRING. ALTHOUGH A SIZEABLE PROPORTION OF THE REPORTED 76 PERCENT INCREASE IN SINO-JAPANESE TRADE THIS YEAR COMES FROM HIGHER PRICES, THE ABSOLUTE

GROWTH OF TRADE HAS NEVERTHELESS INCREASED AT AN IMPRESSIVE RATE. THE PRC HAS PURCHASED 15 COMPLETE PLANTS FROM JAPAN VALUED AT \$407 MILLION SINCE DECEMBER, 1972 AND APPARENTLY WILL SOON CLOSE A DEAL ON ITS LARGEST SINGLE PURCHASE TO DATE, A \$377 MILLION STEEL MILL. EVEN MORE IMPORTANT IN THE LONGER-TERM HAS BEEN THE INITIAL SALE TO JAPAN OF ONE MILLION TONS OF CHINESE CRUDE OIL WITH PROMISES

OF FAR GREATER SALES IN THE FUTURE. THIS, ALONG WITH THE EXPANSION OF THE PORT FACILITIES AT DAIREN TO ACCOMMODATE LARGE TANKERS AND THE POSSIBILITY OF CHINA'S EXTENSIVE USE OF JAPANESE EQUIPMENT AND TECHNICIANS FOR EXPLOITATION OF OFFSHORE OIL RESERVES IN THE POHAI GULF AND OFF KWANGTUNG PROVINCE, HOLDS OUT THE PROMISE THAT CHINA COULD BECOME A SIGNIFICANT FUTURE SUPPLIER OF CRUDE OIL TO JAPAN. IN CARRYING OUT MANY OF THESE PROJECTS, THE PRC APPEARS TO BE GIVING JAPANESE COMPANIES AN EDGE ON THE COMPETITION.

4. OTHER CONCRETE STEPS WHICH MAY BE TAKEN IN THE NEAR FUTURE TO IMPROVE RELATIONS ARE THE CONCLUSION OF THE VARIOUS AIR, TRADE, FISHING, AND OTHER AGREEMENTS WHICH HAVE BEEN UNDER DISCUSSION IN

THE PAST FEW MONTHS. THE AIR ACCORD REMAINS STALEMATED AND NEGOTIATIONS ON THE TRADE AGREEMENT HAVE ALSO RUN INTO SEVERAL PROBLEMS. BOTH SIDES, HOWEVER, CALLED FOR A RAPID CONCLUSION OF THE AGREEMENTS IN THEIR ANNIVERSARY STATEMENTS AND AN ECONOMIC DELEGATION NOW IN JAPAN LED BY LIU HSI-WEN APPARENTLY IS LOOKING FOR SOME POSSIBLE COMPROMISES. THE CHINESE HAVE MADE IT CLEAR THEY WOULD LIKE TO HAVE THESE PROBLEMS SETTLED IN TIME FOR FOREIGN MINISTER CHI PENG-FEI TO SIGN THE AGREEMENTS DURING THIS VISIT TO TOKYO PLANNED FOR LATER

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THIS YEAR.

5. ONE REASON FOR THE PRC EAGERNESS TO MOVE AHEAD QUICKLY ON CONSOLIDATING TIES WITH JAPAN IS A STRONG DESIRE TO CONVINCE THE JAPANESE OF THE ADVANTAGES OF CO-OPERATING WITH CHINA OVER DEALING WITH THE USSR. THIS MOTIVATION IS PARTICULARLY IMPORTANT ON THE EVE OF PRIME MINISTER TANAKA'S VISIT TO THE SOVIET UNION, WHICH THE CHINESE MAY FEAR COULD RESULT IN SOME AGREEMENT ON EXPLOITATION OF SIBERIAN RESOURCES OR POSSIBLY SOME JAPANESE NOD FOR THE PET SOVIET PROJECT OF ASIAN COLLECTIVE SECURITY. THE EFFORT TO DRIVE WEDGES BETWEEN THE JAPANESE AND THE SOVIETS IS BEING BUTTRESSED BY AN EXTENSIVE PROPAGANDA CAMPAIGN SUPPORTING THE JAPANESE POSITION ON THE RETURN OF THE NORTHERN TERRITORIES. THIS CAMPAIGN HAS INCLUDED A DARE TO THE SOVIETS TO RETURN THE ISLANDS IN CHOU'S PARTY CONGRESS REPORT AND CHIAO KUAN-HUA'S SPEECH TO THE UNITED NATIONS.

6. PEKING, HOWEVER, SEES THE STAKES IN IMPROVEMENT OF RELATIONS WITH JAPAN IN FAR LONGER TERMS THAN THE NEXT MONTH OR TWO. CHOU EN-LAI CONTINUES TO TELL VISITORS THAT THE FUTURE DEVELOPMENT OF JAPAN IS UNCERTAIN AND THAT A MILITARISTIC AND AGGRESSIVE JAPAN REMAINS A POSSIBILITY. THIS ASSUMPTION--WHICH WAS AGAIN VOICED RECENTLY TO A WESTERN DIPLOMAT BY A LOW-LEVEL PRC OFFICIAL--MAKES

IT VITAL FOR CHINA TO MOVE TO CONSOLIDATE RELATIONS WITH JAPAN.
THE PRC'S STRATEGY APPEARS TO BE TO MAXIMIZE THE

AREAS OF SINO-JAPANESE CO-OPERATION IN ORDER TO ENHANCE CHINA'S
FUTURE LEVERAGE ON JAPANESE POLICY.
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